



Calgary Assessment Review Board

REVISED DECISION WITH REASONS

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Amtoca Investment Limited (as represented by AEC International.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair; J. Zezulka
Board Member; J. Pratt
Board Member; K. Farn***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER:	068047604	068047703	068047802
LOCATION/ADDRESS:	414-Centre Str. SE	113-4 Ave. SE	117-4Ave. SE
FILE NUMBER:	71207	71208	71211
ASSESSMENT:	\$13,050,000	\$2,480,000	\$2,480,000

This complaint was heard on 15 day of July, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- *B. Ryan*

Appeared on behalf of the Respondent:

- *D. Grandbois*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

(1) This is a complaint against the assessment of three separate, but adjacent land parcels, with a common owner. At the outset of the hearing, because of the commonality of issues and evidence, both parties agreed to have the three complaints heard simultaneously.

Property Description:

(2) The properties consist of undeveloped land parcels located in Calgary's Downtown. The parcels are currently being utilized for parking. The Land Use Classification is CM-2. The non-residential zone, or sub-market, is DT1. Parcel sizes and assessments are as follows;

<u>Roll #;</u>	<u>Size</u>	<u>Configuration</u>	<u>Assessment</u>	<u>Assessment per s.f.</u>
068047604	35,011 s.f.	corner	\$13,050,000	\$372.74
068047802	7,002 s.f.	interior	\$2,480,000	\$354.18
068047703	7,008 s.f.	interior	\$2,480,000	\$353.88

Issues / Appeal Objectives

(3) The issues brought forward by the Complainant are market value and equity, stating that the current assessment does not properly reflect the market value of the sites, and that the assessments are inequitable when compared to the assessments of similar properties.

Complainant's Requested Value:

(4)	<u>Roll #;</u>	<u>Size</u>	<u>Assessment</u>	<u>Assessment per s.f.</u>
	068047604	35,011 s.f.	\$10,802,880	\$308.56
	068047802	7,002 s.f.	\$2,160,576	\$308.56
	068047703	7,008 s.f.	\$2,160,576	\$308.30

Board's Decision:

(5) The assessments are reduced, and truncated, as follows;

<u>Roll #</u>	<u>Revised assessment</u>
068047604	\$11,790,000
068047802	\$2,230,000
068047703	\$2,230,000

Legislative Authority, Requirements and Considerations:

(6) This Board derives its authority from section 460.1(2) of the Municipal Government Act, being Chapter M-26 of the revised statutes of Alberta.

(7) Section 2 of Alberta Regulation 220/2004, being the Matters Relating to Assessment and Taxation Regulation (MRAC), states as follows;

"An assessment of property based on market value

(a) must be prepared using mass appraisal

(b) must be an estimate of the value of the fee simple estate in the property, and

(c) must reflect typical market conditions for properties similar to that property"

(8) Section 467(3) of the Municipal Government Act states;

"An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

(c) the assessments of similar property or businesses in the same municipality."

(9) For purposes of this Complaint, there are no extraneous requirements or factors that require consideration.

Position/Evidence of the Parties**Complainant's Position:**

(10) Although the Complainant submitted an income statement showing the monthly income being generated from the parking on the subject parcel at 414 Centre Street, neither party appeared to attribute much relevance to that information.

(11) The Complainant submitted 12 land sales in close proximity to the subject. Of these, the Complainant excluded four sales as being non arms-length.

(12) Four of the remaining eight transactions are the land assembly for the Bow building, which is within one block of the subject. These transactions date back to 2005, and 2006. The average price of the total assembly calculates to \$290 per s.f.

(13) The remaining four sales reflect per s.f rates between \$125 and \$745 per s.f. The median is \$279.

(14) The Complainant appears to place the most weight on the Bow assembly, at an average of \$290 per s.f., and a June, 2012 transaction at 515 Macleod Trail SE. The latter transaction included the former Calgary Board of Education building on a 2.72 acre site. The \$36,500,000 selling price calculates to \$308 per s.f. The property had reportedly been on the market for 18 months.

Respondent's Position:

(15) The Respondent argues that the subject is ideally located next to the Bow, which is reportedly the premiere office tower in the City.

(16) (21) The Respondent submitted four "DT1" land sales in support of the assessment. The transactions took place in 2007 and 2008. The time adjusted selling prices range from \$543.54 to \$813.10 per s.f. The mean is \$653.03 and the median is \$627.75.

(17) The Respondent also submitted land sales from other DT zones that were used in establishing land rates for assessment purposes. These are summarized as follows;

<u>Zone</u>	<u># of Transactions</u>	<u>Mean Adjusted Price/S.F</u>	<u>Median Adjusted Price/S.F</u>
DT2 East	3	\$338.02	\$307.41
DT2 West	1	\$118.97	\$118.97
DT3 East Village	4	\$145.45	\$148.70
DT3 Municipal Zone	2	\$266.19	\$266.19

(18) The Respondent specifically referred to a 2012 sale at 718 - 8 Avenue SW, with a selling price of \$307.41 per s.f.. The Respondent maintained that the comparable's location is inferior. That assertion was not disputed by the Complainant.

(19) The Respondent's evidence package also contained a number of historic transactions, but none were specifically referred to.

(20) During the course of the hearing, the City presented a series of "Assessed Base Rate Adjustments" that are made to the assessed base land rates of commercial land in the "downtown" area. Among the rates outlined is a "Transition Zone Blend". This adjustment is defined in the City's submission as follows;

"This can be either a positive or negative adjustment to the assessed base land rate . The purpose of the adjustment is to temper the value change east to west or north to south between market zones with differing assessed rates. These adjustments ensure that property owners on one side of a market zone dividing line are reasonably assessed with owners on the opposite side of a market zone dividing line".

The adjustment is plus or minus ten percent, depending on the value of the bordering zone.

This adjustment has not been applied to the subject parcels, although they border onto the Chinatown Zone, which is a lower valued zone than DT1.

Board's Reasons for Decision:

(21) There is no rationale for the large variation between the Respondent's comparables, with a mean and median adjusted per s.f. price of \$653.03 and \$627.75, and the assessed rate of \$355. The Board places little or no weight to the Respondent's DT1 land comparables.

(22) Having said that, the Board is equally unconvinced that the Complainant's comparables have provided credible evidence of value. Of the 12 comparables submitted, four are non arms length. Four are eight and nine year old sales in a single assembly, and the other four provide a range that varies by almost 600 per cent from low to high, without any rationale as to how these pointed to a single value conclusion. The Complainant's most reliable comparable is a parcel that is almost four times as large as the largest subject , and about 16 times as large as the other two subjects. No size adjustment was applied. The comparable also had a 132,038 s.f. office building, and the "Family of Man" landmark piece of art that had to be preserved. Neither of these two factors were addressed in the evidence presented.

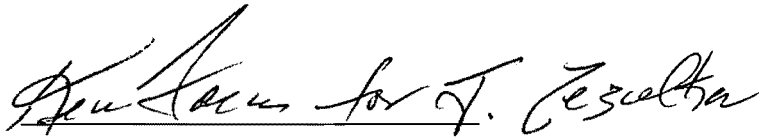
(23) In the final analysis, although the Board is not convinced that the Respondents land

rates are entirely correct, the complainant failed to convince that Board that a change in the assessed land rate is warranted on the basis of market value. The onus of proving that an assessment is incorrect lies with the individual alleging it. The onus rests with the Complainant to provide convincing evidence to justify a change in the assessment.

(24) At the same time, in the view of the Board, the omission of the transition zone adjustment is a technical error that results in an inequitable assessment between the subject, and similar parcels that have the transition zone adjustment applied.

(25) The Board has applied this adjustment, and the assessments are amended accordingly.

DATED AT THE CITY OF CALGARY THIS 22nd DAY OF August 2013.



Jerry Zezulka

Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
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| 1. | C1 Complainant Disclosure |
| 2. | R1 Respondent Disclosure |

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and
- (b) any other persons as the judge directs.

For MGB Administrative Use Only

Decision No. CARB 71207P/2013			Roll No's.	
0			067047604, 068047703, 068047802	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Land	Market Value	N/A	Comparables